

Message Text

LIMITED OFFICIAL USE

PAGE 01 STOCKH 05413 251055Z

21

ACTION EB-07

INFO OCT-01 EUR-12 EA-07 ISO-00 AF-06 AID-05 CEA-01

CIAE-00 COME-00 FRB-03 INR-07 IO-10 NEA-10 NSAE-00

OPIC-03 SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01

DODE-00 DOTE-00 FMC-01 CG-00 OFA-01 DLOS-04 TAR-01

/088 W

----- 013361

R 251020Z OCT 75

FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC 6008

INFO AMEMBASSY ATHENS

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMCONSUL HAMBURG

AMEMBASSY HELSINKI

AMEMBASSY LONDON

AMEMBASSY OSLO

AMEMBASSY ROME

AMEMBASSY THE HAGUE

AMEMBASSY TOKYO

AMEMBASSY COPENHAGEN

LIMITED OFFICIAL USE STOCKHOLM 5413

E.O. 11652: N/A

TAGS: EWWT, OECD, SW

SUBJECT: SWEDISH REACTION TO MARITIME RATE-CUTTING PRACTICES

REF: STATE 244923; STOCKHOLM 5376

1. SWEDISH SHIP COMPANIES CONSULTED BY EMBASSY ON PROBLEM
OF UNDERCUTTING OF MARITIME RATES BY THIRD-FLAG EASTERN
EUROPEAN CARRIERS AGREED THAT SWEDEN HAS NOT YET BEEN
SERIOUSLY AFFECTED EITHER IN BILATERAL OR CROSS TRADES.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STOCKH 05413 251055Z

COMPANIES CITED FOLLOWING EXAMPLES OF UNDERCUTTING.

CHRISTIAN VON SYDOW, BOARD CHAIRMAN OF AANGFARTYGS AB TIRFING, PARENT COMPANY OF BROSTROEM GROUP, SAID HIS COMPANY IS EXPERIENCING UNDERCUTTING BY RUSSIAN LINER SHIPPING BETWEEN NORWAY AND MEDITERRANEAN AND IS FACING INCREASING COMPETITION WITH USSR IN TRADE BETWEEN USA/CANADA AND EUROPE. CARAL-OLOV GODEAU, DIRECTOR IN SVEA LINES, SAID SVEA BEING UNDERCUT BY ABOUT 20 PERCENT NORTHBOUND BETWEEN SOUTH AMERICAN WEST COAST AND EUROPE. GODEAU AND VON SYDOW BOTH CLAIMED THEIR COMPANIES HARMED BY SOVIET EFFORTS TO CONTROL TRANSPORT AT BOTH ENDS OF TRANS-SIBERIAN RAILWAY.

2. ALL COMPANIES DEEPLY CONCERNED ABOUT LIKELIHOOD OF WORSE DAMAGE IN FUTURE (A) BETWEEN EUROPE AND NORTH AMERICA WITH INTRODUCTION OF MODERN USSR ROLL-ON-ROLL-OFF SHIPS EARLY IN 1976; (B) BETWEEN USSR AND US, WHEN SOVIET CARRIAGE OF MORE CARGO HOMEWARD THAN OUTWARD AND GROWTH OF BILATERAL USSR/US TRADE WILL PRODUCE OVER-CAPACITY OF SOVIET SHIPS ON WAY TO US; (C) BETWEEN LENINGRAD AND LONDON IF USSR OPENS THIS ROUTE AND STOPS IN SWEDEN.

3. SHIPPINGS OFFICIALS ALL AGREED THEY COULD NOT SOLVE PROBLEM THEMSELVES. SEVERAL POINTED OUT INEQUALITY BETWEEN PRIVATE WESTERN SHIPPING COMPANIES AND EASTERN EUROPEAN CARRIERS THAT ARE AGENCIES OF GOVERNMENTS. GIVING EXAMPLE OF TUTILE APPROACH, GODEAU SAID HIS COMPANY HAD WRITTEN TO EAST GERMANS PROPOSING AGREEMENT ON MINIMUM RATES; EFFORT WAS WITHOUT EFFECT. (PROTECT NAMES OF SOURCE AND COMPANY.) ERIC NORDSTROEM, VICE DIRECTOR OF SWEDISH SHIPOWNERS' ASSOCIATION, SAID DIFFERENCES IN ECONOMIC CALCULATIONS OF THE TWO SIDES PREVENTED MEANINGFUL ECONOMIC DISCUSSION BETWEEN THEM AND FORCED SHIPOWNERS' ASSOCIATION FOR FIRST TIME" TO TURN TO GOVERNMENT FOR HELP.

4. GENERAL FEELING WAS THAT MULTILATERAL EFFORT IS NEEDED TO SOLVE PROBLEM. NORDSTROEM THOUGHT SOLUTION WOULD BE APPLICATION OF EQUALIZING FEES. (HE DID NOT DISCUSS HOW THESE WOULD BE COMPUTED.) IF SWEDEN WERE TO IMPOSE SUCH FEES ON SOVIET SHIPPING, HE OBSERVED IT WOULD HAVE TO LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STOCKH 05413 251055Z

WITHDRAW FROM SOVIET/SWEDISH MARITIME AGREEMENT WHICH REQUIRES PARTNERS TO REFRAIN FROM DISCRIMINATORY MEASURES AGAINST EACH OTHER. NORDSTROEM DOUBTED THAT SWEDEN WOULD BE WILLING, ALONE, TO FACE POLITICAL CONSEQUENCES OF CANCELING AGREEMENT AND IMPOSING EXGRA CHARGES. VON SYDOW THOUGHT IT WOULD BE USELESS FOR GOS TO ACT ALONE. HE BELIEVED IT WOULD FINALLY BE NECESSARY TO ESTABLISH MINIMUM RATE UNDER MULTILATERAL ARRANGEMENT, PREFERABLY INCLUDING EUROPEANS, JAPANESE,

AND AMERICANS. HE SUGGESTED THAT CONSULTATIVE SHIPPING GROUP
(CSG) MIGHT BE SUITABLE FORUM TO DEAL WITH PROBLEM. CSG MIGHT
RECOMMEND THAT ITS MEMBERS INDIVIDUALLY ADOPT LEGISLATION
SIMILAR TO THAT PROPOSED BY SENATOR INOUE.
STRAUSZ-HUPE

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MARINE TRANSPORTATION, EAST WEST TRADE, POLICIES, GOVERNMENT REACTIONS, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 25 OCT 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STOCKH05413
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750372-0224
From: STOCKHOLM
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751018/aaaaaqce.tel
Line Count: 120
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STATE 244923, 75 STOCKHOLM 5376
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 28 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28 APR 2003 by BoyleJA>; APPROVED <29 APR 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SWEDISH REACTION TO MARITIME RATE-CUTTING PRACTICES
TAGS: EWWT, ELTN, SW, OECD
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006